

BRIEFLY

News Briefs for Business Managers from the ND Retirement and Investment Office
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NEW EMPLOYEES

Here are three questions you should ask to determine if a new employee is reportable to TFFR. If the answers are "yes", the employee is a teacher for TFFR purposes.

1. Is the individual licensed with the Education Standards and Practices Board (ESPB)?
2. Is the individual contracted with the district?
3. Is the individual providing teaching, supervisory, administrative or extracurricular services?

Keep in mind that TFFR defines a contract as a written agreement with any school board or other governing body of any school district of this state or a letter of appointment by a state institution, state agency, or other employer participating in the fund. This includes a teaching contract, school board minutes, or other document evidencing a contractual relationship.

To summarize, if you employ an individual who is licensed by ESPB and who is contracted for teaching, supervisory, administrative or extracurricular services, the salary is reportable to TFFR even though your district may not consider the person to be a teacher.

Please contact our office if you have any questions relating to TFFR eligibility.

YEAR-END CLEAN UP

During the next several months, RIO staff will be running several year-end balance reports to determine if the member information submitted to TFFR is reasonable. We may be calling you to verify some information. Thank you for your help and patience.

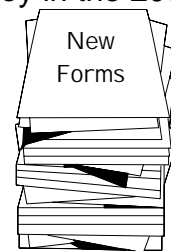


EMPLOYING RETIRED TEACHERS

Recent legislation has expanded the options given retirees to return to TFFR covered employment. The sixty day waiting period before retirees can return to covered employment was reduced to thirty days. Under the General Rule, retirees may return for a maximum of 700 hours without loss of their retirement benefit. This is a change from the previous limit of 90 days at 4 or more hours a day. Exceptions to the General Rule allowing retirees to return to covered employment and exceed the 700 hour limit are outlined in the May 2001 edition of the Report Card (enclosed).



We have also included a supply of "TFFR Retired Member Employment Notification" forms. Please discard any old forms and begin using this form for any retirees you employ in the 2001-02 school term. This new form requires an option selection and signatures of both the employer and the retiree. This form needs to be completed each year you employ the retiree.



If you have any questions about completing the form or the retiree employment provisions, contact the administrative office. This form and other useful information can be found on the TFFR website:

www.discovernd.com/rio

CONVERTING FRINGE BENEFITS TO TFFR SALARY

In the last few months, TFFR has received a number of phone calls regarding whether or not certain elements of the salary and fringe benefits packages are reportable to TFFR as salary, subject to member and employer retirement contributions, and used in a member's retirement benefit calculation.



State statutes define salary for TFFR purposes:

Salary means “a member’s earnings in eligible employment for teaching, supervisory, administrative, and extracurricular services during a school year reported as salary on the member’s federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457.”

State statutes further describe what is **not reportable salary** to TFFR:

“Salary does not include fringe benefits such as payments for unused sick leave, early retirement incentive pay, severance pay, medical insurance, workers’ compensation benefits, disability insurance premiums or benefits, referee pay, bus driver pay, janitorial pay, or **salary received by a member in lieu of previously employer-provided fringe benefits.**”

If TFFR finds, through an audit or other review, that ineligible amounts have been incorrectly reported to TFFR as salary, we must reduce the member’s TFFR salary and refund overpaid retirement contributions to the school district. If applicable, the school district may need to reimburse a portion of the overpayment to the member.

Here are a few examples of errors found by TFFR:

Example 1: In addition to contract salary, an employer allows a member to select between \$2,000 cash or tax exempt health insurance benefits under a Section 125 flexible benefits plan. Neither the cash nor the value of the health insurance benefits are reportable to TFFR.

Example 2: Member receives tax exempt health insurance benefits under a Section 125 flexible benefits plan which is not reportable to TFFR. Employer drops the flexible benefits plan and adds \$2,000 to contract salary. The additional \$2,000 cash is not reportable to TFFR.

Example 3: Member receives a \$4,000 housing allowance which is not reportable to TFFR. Employer and employee negotiate dropping the housing allowance, providing a corresponding increase of \$4,000 to contract salary, and requiring rent payments for housing. The additional \$4,000 is not reportable to TFFR.

Example 4: Member receives \$2,000 health insurance benefits which is not reportable to TFFR. Employer shifts \$2,000 from health insurance benefits to salary, and then requires employees to pay \$2,000 (via salary reduction) for the health insurance benefits. The \$2,000 is not reportable to TFFR.

Please contact our office if you have questions relating to eligible TFFR salary. By correcting reporting problems now, you will avoid having a teacher’s or administrator’s TFFR salary and retirement benefit reduced, and the member won’t be expecting more than the amount to which he or she is entitled.

Member Newsletter Highlights

As an educational tool, twice a year a copy of the member newsletter (Report Card) will be included with the "Briefly." This newsletter is sent to all active and inactive TFFR members.



The May 2001 edition is enclosed.

Highlights include:

Approved legislation

- Increase in retirement formula to 2.0%
- Benefit increase to retirees
- Change to confidentiality of member records
- Retiree employment provisions expanded

2001-2002 OUTREACH SCHEDULE

To help inform your teachers about the benefits counseling sessions and preretirement seminars coming to your area, a supply of the "Member Service Directory" is enclosed. We also included a supply of the Retirement Calculators (using the 2.0% multiplier) and the updated Member Handbook.



A FEW REMINDERS

- ⇒ If your school district is consolidating with another district or your school is closing, please notify TFFR in writing of the changes and return a Notice of School District Change form.
- ⇒ If your school district is changing models, you must return the Employer Payment Plan form to TFFR by the first reporting period of the new fiscal year. Any change in models must be made effective at the beginning of a fiscal year.

